ACUITY BRANDS INC
Form 8-K
October 21, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) October 20, 2003

ACUITY BRANDS, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-16583	No. 58-2632672
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

1170 Peachtree Street, N.E. Suite 2400, Atlanta, GA	30309
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (404) 853-1400

None
(Former name or former address, if changed since last report)

ITEM 9. Regulation FD Disclosure.

Attached hereto is a press release issued by Acuity Brands, Inc. (the "Registrant") on October 20, 2003. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

EXHIBIT NO.	DESCRIPTION
99.1	Press Release, issued by Registrant on October 20, 2003.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 20, 2003

ACUITY BRANDS, INC.

BY: /S/ VERNON J. NAGEL

Vernon J. Nagel
Executive Vice President and
Chief Financial Officer

Exhibit 99.1

Company Contact:
Karen Holcom
Acuity Brands, Inc.
(404) 853-1437

ACUITY BRANDS PROVIDES PROJECTIONS FOR FISCAL 2004

ATLANTA, October 20, 2003 - Acuity Brands, Inc. (NYSE: AYI) announced today that it projects earnings per share for its fiscal year 2004 to be between $1.25 and $1.45 per share compared to $1.15 per share reported in 2003. In 2003, the Company incurred charges for the settlement of certain patent litigation and for environmental issues that totaled approximately $0.16 per share. This range of earning estimates for fiscal 2004 is based on the current economic environment and assumes that the Company's key markets do not deteriorate further. Included in the projected earnings per share range for fiscal 2004 for Acuity Brands are incremental expenses anticipated for stock-based plans, ($7.2 million pre-tax, or $0.11 per share), primarily for Long-Term Incentive Plan (LTIP) awards expected to be granted in the second quarter of 2004, and for pension expense ($3.8 million pre-tax, or $0.06 per share), due primarily to declines in the discount rates used to compute the 2004 expense and the August 31, 2003 accumulated benefit obligation.

In 2004, the Company anticipates that various profit improvement programs and changes in product mix will more than offset expected higher costs for wages and employee benefits, insurance programs, and raw materials, all of which could be significant, and the potential impact of pricing pressures driven by over-capacity and weak customer demand in key markets in North America. The Company expects earnings in the first half of 2004 to approximate those reported in the same period in 2003, given the negative impact of the items noted above and current economic conditions, while expecting improvement in the second half of fiscal 2004 due primarily to the expected seasonal pattern and the benefit of profit improvement programs, some of which are just now getting underway.

The proposed LTIP awards for 2004 include a combination of stock options and restricted stock and will depend, to some extent, on the approval by shareholders of additional shares for the LTIP at the Annual Meeting scheduled for December 18, 2003. The awards granted under the LTIP for 2003 were primarily restricted stock. The Company expects to adopt the prospective method of expensing various compensation programs in accordance with FASB No. 148 in the first quarter of fiscal 2004. Under the prospective method, the Company would recognize compensation expense in fiscal 2004 for stock option awards made under the LTIP on or after September 1, 2003 as well as for discounted purchases under its broader-based Employee Stock Purchase Program (ESPP). Although no compensation expense was recognized with respect to stock options or the ESPP prior to fiscal 2004, expense associated with these programs was previously disclosed in the footnotes to the consolidated financial statements. In 2004, the Company also expects to recognize compensation expense related to the vesting of restricted stock awards made in 2003 as well as the awards expected in 2004.

In fiscal 2004, the Company expects to invest between $50 and $55 million for new plant and equipment compared to $28.2 million invested in fiscal 2003. The projected increase in capital investment is due primarily to expenditures related to the consolidation of certain manufacturing facilities and enhancements to information technology capabilities within Acuity Lighting Group and investments to improve manufacturing and waste management capabilities at Acuity Specialty Products Group. Approximately 60 percent of the consolidated capital investment program at Acuity Brands is expected to occur in the first half of fiscal 2004. As a consequence, the Company expects total indebtedness to increase by up to 10 percent in the first half from $445.8 million reported at the end of 2003. Overall, the Company expects to reduce total debt by the end of fiscal 2004 to approximately $400 million.

James S. Balloun, Chairman, President, and Chief Executive Officer of Acuity Brands, said "We remain confident about the long-term potential of the businesses that comprise Acuity Brands and the expected impact of initiatives we continue to implement to make our Company better for all stakeholders. However, we are cautious about our expected results over the next twelve months due primarily to uncertainties in the economic environment, particularly for non-residential construction and certain industrial markets. While some economists and forecasting organizations continue to predict that these markets will improve in the near-term, we do not expect any meaningful rebound to occur until late in fiscal 2004 nor do we expect that this late recovery will have a meaningful impact on our fiscal 2004. As a consequence, we are preparing for another year of very difficult conditions. Based on our current view of the economy and demand in our key markets, we expect net sales to improve nominally in fiscal 2004 compared to 2003. Therefore, we expect that a substantial portion of the improvement in earnings in 2004 compared to 2003 will be due primarily to benefits from profit improvement initiatives aimed at creating a stronger, more capable organization.

"The focus of the organization will remain on improving the products and services provided to customers, becoming more productive and efficient, and enhancing profitability while continuing to diversify and expand the many end markets and customers served. As part of that effort in 2003, we commenced an initiative to improve the capabilities and cost structure of our manufacturing, distribution, and procurement base at Acuity Lighting Group. This multi-faceted initiative, which will take almost three years to complete, will result in the consolidation of certain facilities into our most productive and efficient plants, as well as expand our world-wide sourcing capabilities. A significant portion of the capital investment for this initiative will occur in 2004, while the expenses associated with the consolidation for severance and relocation are expected to be largely offset by cost savings and asset sales from the program. While the timing of expense recognition will depend on the actual dates of certain events and may impact our quarterly results differently than we currently anticipate, we expect that the program will have a relatively neutral impact on fiscal 2004 earnings per share. We do expect the benefits from this program to have a positive impact on earnings in fiscal 2005. This is yet another example of improvements to our businesses that we are making now, without compromising short-term results, for the purpose of better positioning our businesses and making us stronger for the long term."

Acuity Brands, Inc., with fiscal year 2003 net sales of approximately $2.0 billion, is comprised of Acuity Lighting Group and Acuity Specialty Products Group. Acuity Lighting Group is the world's leading lighting fixture manufacturer and includes brands such as Lithonia Lighting(R), Holophane(R), Peerless(R), Hydrel(R), and American Electric Lighting(R). Acuity Specialty Products Group is a leading provider of specialty chemicals and includes brands such as Zep(R), Enforcer(R), and Selig Industries(TM). Headquartered in Atlanta, Georgia, Acuity Brands employs approximately 11,400 people and has operations throughout North America and in Europe and Asia.

Forward-Looking Statements

Other than statements relating to historical financial performance, all of the statements in this press release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are inherently uncertain and involve risks. Consequently, actual results may differ materially from those indicated by the forward-looking statements. A variety of risks and uncertainties could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. The risks and uncertainties include without limitation the following: (a) the uncertainty of general business and economic conditions, including the potential for a more severe slowdown in non-residential construction and other industrial markets, changes in interest rates, and fluctuations in commodity and raw material prices or foreign currency rates; (b) the Company's ability to realize the anticipated benefits of initiatives expected to reduce costs, improve profits, enhance customer service, increase manufacturing efficiency, reduce debt, and expand product offerings and brands in the market through a variety of channels; (c) the risk that the Company will be unable to execute its various initiatives within expected timeframes; (d) unexpected developments in the Company's legal and environmental matters, including those involving the operation of Acuity Specialty Products' (ASP's) wastewater pretreatment plant and ASP's management of hazardous waste at a facility in Atlanta, Georgia; (e) the risk that projected future cash flows from operations are not realized; (f) the potential that additional shares proposed for the LTIP are not approved by shareholders; (g) the possibility that a new accounting standard related to the recognition of expense associated with stock-based compensation will be promulgated by the Financial Accounting Standards Board; (h) unexpected changes in the Company's share price; and (i) the other risk factors more fully described in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on November 11, 2002.